



E/CONF.39/E/19

11 Oct. 1962

ORIGINAL ENGLISH

**UNITED NATIONS CONFERENCE
ON THE APPLICATION OF SCIENCE AND TECHNOLOGY
FOR THE BENEFIT OF THE LESS DEVELOPED AREAS**

Agenda Item: H

India

PLANNING PROCEDURE IN INDIA

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by

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The *raison d'être* of economic planning in India is to accelerate the process of economic and social change in a relatively stagnant economy and traditional society. For about a hundred years India followed under foreign rule the policy of *laissez faire*. There was no doubt some progress but this was only in patches. The average rate of growth of national income hardly exceeded that of population. Tradition still largely governed economic behaviour in large parts of the country and the modern scientific spirit hardly touched any one outside a small elite group in urban areas. It was the failure of *laissez faire* to bring about the desired change at a fast enough pace that turned the attention of India's national leaders to economic planning. Moreover, when India obtained independence, her economy which had always been poverty-ridden, was badly affected by war, famine and partition. Her people who had just achieved political democracy were impatient for economic improvement. The country which comprised an amazing variety of castes, creeds, languages and territorial units was in urgent need of some unifying factor.

2. In the special situation that obtained in India she could not leave things entirely to the rough and tumble of market forces lest it led to disparate developments in different sectors of the economy or unduly encouraged current consumption at the expense of investment and future growth. She could not also afford to have too centralised a system of controls which would be not only incompatible with freedom and democracy but might also engender considerable resistance from various territorial and functional constituents of the rather heterogeneous economy that she has. India has, therefore, tried to evolve a procedure of economic planning which is not too rigid or centralised and yet able to mobilise the willing cooperation of the people for a balanced programme of rapid economic development. The procedure that India has evolved falls, therefore, somewhere in between broad economic policy making as in a country like the U.K. and detailed economic planning as in a country like the U.S.S.R. The nearest parallel to it in Western Europe is the French system of planning and in Eastern Europe the Yugoslav. system of planning. The main difference, however, is that unlike France India has a federal structure of Government and the achievement of a socialist pattern of society is her avowed objective and unlike Yugoslavia she permits private ownership of capital and gives a much larger latitude to the operation of the competitive forces in a market economy.

3. It is felt in India that the widespread acceptance of the process of planning by the people and the concerned officials is even more important than the end-results of the planning exercise itself. For, the process of planning essentially means the application in a comprehensive manner of scientific methods in dealing

with problems of economic development and keeping in view the inter-relations of different sectors as well as the needs of the future. Active participation in this process by the key personalities in the economic life of the country opens up by itself new vistas of thought and action, creates a new spirit and ambition among the people and generates new forces for accelerating the development of the economy and the society.

4. The procedure of planning that has been evolved in India over the last decade is specially designed to achieve this objective. It has now become essentially a backward and forward process - an exercise in successive approximation and successive coordination and a combination on the one hand of perspective planning, five year planning and annual planning and on the other of national planning, sectoral planning and regional planning.

5. Keeping in view the basic political and social objectives of the Government, the National Planning Commission carries out first a number of econometric and other technical studies regarding the perspective of long-term development and prepares a perspective plan of 15 to 20 years mainly in broad physical terms. This perspective plan is prepared on what is known as the "rolling" basis and primarily as an internal exercise preparatory to the formulation of the next five year plan. For instance when the Second Five Year Plan was prepared for the period 1956-57 to 1960-61, the perspective plan was for the period 1956-57 to 1970-71 (or 1975-76 for some sectors). Again when the Third Five Year Plan was prepared for the period 1961-62 to 1965-66, a new perspective plan was prepared for the period 1961-62 to 1975-76 (or 1980-81 for some sectors). This enabled each perspective plan to take note of the new facts which had come to light or changes in technology which had taken place since the previous perspective plan was prepared.

6. The Five Year Plan is then formulated in the light of the perspective plan but unlike the latter it is not yet prepared on a "rolling" basis. The question of formulating the next Five Year Plan on a "rolling" basis, is, however, currently under consideration. The first step in the preparation of the Five Year Plan which is formulated both in physical and financial terms is to make a number of projections for demand and supply for the next five years in the light of the current trend of economic forces and keeping in view the perspective plan and the accepted model of development. The model of development may change from Plan to Plan according to changing circumstances. For instance, in India's First Five Year Plan, the main objectives were to rehabilitate the economy from the damages done by the War and the Partition and there was no serious balance of payment problem. The model adopted then was of the Harrod-Domar type. The level of saving as determined by the difference between the marginal and average rates of saving was taken to set the limit to the magnitude of capital formation and an attempt was made to maximise the current rate of growth of the economy through a planned difference between the marginal and the average rates of saving in a general way. At the time of the formulation of the Second Plan, when the country had developed to a certain extent and was ready for the next stage, and yet faced serious balance of payment difficulties it was felt that in a continental type of economy with limited scope for expanding exports and limited capacity to import, as in India, the magnitude of capital formation depended not merely on the difference between the marginal and average rates of saving but also on the capacity to produce capital goods. It was, therefore, considered more appropriate to adopt an alternative model as developed by Mahalanobis in which a distinction was made between investment for the production of capital goods and investment for the production of consumer goods. The importance of loca-

ting the highest possible fraction of investment to the capital goods sector was emphasised in as much as it resulted in the highest possible marginal rate of saving. The emphasis was more on the creation of the maximum growth potential for the future, and early attainment of the stage of self-reliant growth, rather than on the maximisation of the current rate of growth only. Although the Third Plan is based on more or less the same model of development as the Second Plan, there is now a clearer recognition of the fact that the range of choice as to what type of capital goods might be produced in a plan period e.g., whether these could be used to produce consumer goods or to produce further capital goods would, in the situation that now obtains in India, depend to a large extent on the type and character of capital goods that could be produced during the previous period.

7. It may, however, be mentioned that econometric models have been so far used only to a very limited extent in India and that also only in connection with preliminary exercises for providing a unifying principle and for determining the broad structure of the economy to be aimed at. Once that structure has been decided upon, the model has little practical significance for subsequent exercises in which the judgement of experienced people based on various social, economic, technical and administrative considerations really plays the determining role.

8. On the basis of the preliminary exercise of the type described above, a few key figures e.g., population projections, targets for national income, savings, investment, employment, etc. are worked out on a provisional basis in the Planning Commission and then a number of working groups at the Centre and in the States proceed to formulate tentative plans for their respective sectors or regions in the light of these key figures.

9. When the recommendations of these working groups are available, a process of balancing begins in the Planning Commission, of supply of various goods and services against demand, of exports against imports, of raw materials against finished products, of production against consumption, of savings against investment of financial resources against physical resources, of employment against labour force, of training programmes against man-power requirements, etc. Allowance is also made for contributions likely to be made by human factors, e.g., improvement in skill and efficiency. Although an attempt is made to ensure the maximum possible balance in the Plan, some imbalance is often found to be unavoidable. This is sought to be adjusted through monetary and fiscal measures as well as physical controls. This sort of exercise is first undertaken for the preparation of a draft outline of the Five Year Plan and then repeated for the preparation of the final report of the Plan. In the latter exercise the provisional key figures which were used as the basis for the draft outline are reviewed and made firm in the light of comments made by various authorities and organisations in the country. The draft outline of the Plan is published several months earlier than the date when the final report of the Plan is to be issued and is discussed widely in the country, in the Press, Universities, Chambers of Commerce and the Parliament. At the same time the Central Ministers, State Governments and the District (of 15 or 20 blocks) and Block (of 100 villages) authorities not only give their comments but also work out their own provisional plans in the light of the broad targets given in the draft outline. All these comments and plans are then examined and coordinated at successive higher levels and ultimately utilised by the Planning Commission for the preparation of the final report of the Five Year Plan.

10. In preparing the five year plan, programming techniques of various kinds, budgeting, method of balances, inter-industry tables, linear programming, etc. are followed in a selective manner for the over-all economy, for different sectors and for different purposes. The most common methods are, however, the first two. It has not yet been possible to make much use of inter-industry tables or linear programming except in limited fields.

11. Since for operational purposes five years is too long a period, five year planning is supplemented by an exercise in annual planning. The annual plan is really the national economic budget for a period of one year - an economic counterpart of the familiar financial budget. The preparation of annual plans provides on the one hand a much needed flexibility in the implementation of the five year plan and on the other sets out the programmes of development to be implemented every year with sufficient concreteness and detail. One of the main objectives of the annual plan is to take account of every new opportunity for development that may present itself and exploit it to the full for pressing the rate of growth of the economy to the maximum. Another objective is to ensure that the current five year plan dovetails into the next five year plan in a smooth way and no "knots in the bamboo", as it were, develop at the end of every five year plan.

12. In the planning procedure evolved in India the role of the National Planning Commission is two-fold, - (i) to originate policies for development, and (ii) integrate ideas and programmes for economic development formulated by other agencies in the country into a coordinated picture. The Planning Commission is essentially a non-political advisory body which makes recommendations to Government and has no sanctions of its own. Care has been taken to organise it neither as a pure research institute which is out of touch with the various political, economic or administrative problems nor as an administrative ministry which is too closely involved in day-to-day affairs and is prone to lack the perspective and detachment required of a national planning agency.

13. The Planning Commission has been organised essentially as a staff agency. It is a multi-member body and the number of members varies from time to time. At present it has altogether 11 members. Five of these members are important Cabinet Ministers, viz., the Prime Minister, Minister of Planning, Labour & Employment, Minister of Finance, Minister in charge of Special Economic Coordination & Minister of Defence. Five are full-time members who are eminent public-men, administrators, and technical experts. The Honorary Statistical Adviser to the Cabinet is also a Member of the Planning Commission. Although the full-time members are not Cabinet Ministers as such, they enjoy the status of Ministers and are invited to attend the meetings of the Cabinet when subjects with which they are directly concerned are taken up for consideration. The Prime Minister of India has been the Chairman of the Planning Commission ever since its inception. This has added considerably to the prestige of the Commission and has helped it a great deal in its coordinating functions at the political level. The Prime Minister, however, attends only the most important meetings of the Commission. The day-to-day work of the Commission is looked after by a Deputy Chairman. The Minister for Planning, Labour and Employment is at present working as the Deputy Chairman.

14. The staff of the Commission comprises a number of technical as well as administrative officers and is headed by a Secretary, who is also the Secretary to the Cabinet. As the Secretary to the Cabinet he is the Chairman of several inter-departmental Committees, including the Committee of Secretaries to the various Ministries dealing with economic matters. This arrangement, therefore, greatly

helps in achieving a close coordination between the work of the Planning Commission and the Ministries at the official level. As the duties of the Cabinet Secretary take much of his time, Secretary of the Planning Commission concerns himself mainly with the problems of over-all coordination of the work of the Planning Commission with those of the Ministries. There is an Additional Secretary who devotes his full time to the work of administration and coordination within the Commission.

15. For the purpose of coordination with the States, the Planning Commission has three senior officers known as Advisers (Programme Administration). These officers are selected for their intimate knowledge of the working of State Administrations. Each of them has a group of States allotted to him and helps to maintain close liaison between the Planning Commission and the groups of States with which he is concerned and gives necessary advice and guidance to the Executive Authorities of the States and brings the difficulties and problems of the latter to the notice of the Planning Commission and the Central Ministries.

16. The office of the Planning Commission consists of three types of branches, viz., (i) General Branches, (ii) Subject Branches, and (iii) House-keeping Branches. The work in the first two types of branches is primarily technical and in the third, administrative or secretariat. The general branches either carry out studies relating to the Plan as a whole rather than to any particular sector or coordinate the work of the various subject branches. There are altogether 10 general branches in the Planning Commission e.g., Perspective Planning, Statistics and Surveys; Economic, Plan Coordination, Programme Administration, Resources and Scientific Research, International Trade and Development, Labour & Employment, Public Cooperation and Information & Publicity. Among the general branches, the Perspective Planning Branch is responsible for the formulation of projections and plans for a long period, while the other branches primarily concern themselves with work relating to the Five Year or Annual Plans. One of the responsibilities of the Programme Administration Branch is to assist the Advisers (Programme Administration) in their day-to-day work regarding the coordination of the planning efforts of the States with those of the Central Government. The subject branches are altogether 12 in number e.g., Agriculture, Community Development & Cooperation and Rural Works, Irrigation & Power, Oil and Minerals, Large-Scale Industries, Village & Small Scale Industries, Transport & Communications, Education, Health, Housing and Social Welfare. The subject branches of the Planning Commission maintain close contact with their counterparts in the various Ministries and the State Governments and are responsible for collecting, processing and analysing all relevant information required for the formulation, progressing and evaluation of the policies and programmes included in the Plan. They also organise various research studies which are deemed necessary for the purpose of planning in their respective fields either on their own or through competent technical organisations in the country. The main house-keeping branches are Administration, General Coordination and Organisation and Methods. They are staffed mainly by administrative or secretariat personnel.

17. The staff of the Planning Commission at present comprises 15 Administrators, 167 Technical Officers and a complement of 634 junior technical and secretarial personnel. The annual budget of the Commission amounts to Rs. 5.6 million. Bulk of the technical officers are permanent employees of the Planning Commission but quite a substantial proportion of them, especially in the higher ranks, and almost all the administrative officers are borrowed on a tenure basis from the Central Ministries and State Governments. While it is essential that there should be a core of permanent officers in the Planning Commission to concentrate on long-term planning work and build up the special expertise needed to carry-forward the valuable experience gathered over the years, it is equally important that there should

be periodical inter-change of officers between the Planning Commission and the Ministries and States. It promotes a better understanding of one another's problems and difficulties, introduces fresh blood from time to time, counteracts the danger of in-breeding of ideas in the Planning Commission and provides the executive agencies with a number of officers who have a close familiarity with the process of planning and a broad view of the problems of the national economy.

18. The senior positions in the general and subject branches of the planning Commission are usually held by technical personnel. Bulk of them are Economists or Statisticians. But, there are also a number of Scientists, Agriculturists, Engineers, Physicians, Educationists, etc. The work of coordination between different branches is usually done either by general administrators who have gathered considerable experience in planning and development work or by senior technicians who have acquired a wide knowledge of public affairs and general administrative competence. Since in a Five Year Plan different strands have to be woven into an "organic whole" general coordinators are as essential as the subject matter specialists and as planning involves both management and technical operations, officers with administrative and technical competence are equally necessary.

19. Bulk of the detailed technical work regarding individual projects proposed to be included in the Plan, is, however, done not in the Planning Commission but by the Ministries and their attached offices, technical institutes and expert consultants. Technical Officers in the Ministries concentrate on the details of projects under consideration and examine the various technical issues primarily from the limited angle of the sector with which the Ministries are specially concerned. Technical Officers in the Planning Commission, on the other hand, examine the same matters from the point of view of the economy as a whole and concentrate on studying carefully the inter-relations between the various projects which are under consideration and their implications for the future. Close collaboration between these two sets of officers in the work of planning is considered essential for ensuring that both the trees and the wood are equally taken care of.

20. To make the best possible use of the technical knowledge and administrative experience available in the Ministries, the Planning Commission has found it advantageous to set up a number of working groups comprising selected administrators, economists and technicians from various Central Ministries and Divisions of the Planning Commission as a means of coordinating the work of the Ministries with its own in formulating plans of different sectors of the economy. For instance, in connection with the formulation of the Third Five Year Plan as many as 22 Working Groups were set up and some of these Working Groups in their turn appointed a number of sub groups. A Steering Group on Industry, Transport and Power was also appointed with the Secretary of the Planning Commission as Chairman to coordinate the studies made by the concerned Working Groups and Ministries. The Working Groups are appointed by the Planning Commission. The Secretary of the Ministry mainly concerned is appointed as Chairman so as to ensure fullest cooperation between the Ministries and the Planning Commission. The Working Groups usually comprise 10 to 15 members and include technicians, economists and administrators from the different Ministries concerned as well as from the Planning Commission. In fact the system of appointing a number of Working Groups at the stage of the formulation of a Plan is an important part of the Indian planning procedure. Theoretically it is conceivable that a small team of experts in the Planning Commission working all by themselves can formulate a Plan which may be technically a very good job. But chances are that some very important administrative or social points may not be given due consideration by this small body of planning experts. The Plan prepared by them may also suffer in the matter of acceptance as well as implementation

because it would not give those key people who are to carry it out a sense of participation. There seems to be considerable merit in the practice followed in India which seeks from the very beginning to associate with the Planning exercise some of the people who are expected to implement the Plan through the system of Working Groups and sub-groups. This ensures that those who are to implement the Plan will not only have a sense of participation in the formulation of the Plan, and therefore, more enthusiasm for carrying it out but also a better understanding of the decisions taken and, therefore, a better degree of efficiency in actual operation. The Reports of the Working Groups generally indicate what should be the long-term (15 to 20 years) targets in their respective fields and if these long-term targets are accepted, what should be the corresponding Five Year targets. They also indicate in some detail policies and programmes needed for achieving these five-year targets. The Working Groups naturally take into consideration the various studies made in different Ministries, State Governments, Research Organisations and Industrial Enterprises in the country. The reports are studied carefully in the Planning Commission where, if necessary, the views of advisory groups of non-officials are also obtained and requisite adjustments are made. Sometimes the Working Groups are asked to reconsider and revise their proposals in the light of the comments made by the advisory groups of non-officials and the Planning Commission. It is on the basis of the sectoral programmes formulated in this manner that first the Draft Outline of the Plan and thereafter the final plan are prepared by the Planning Commission.

21. Much of the detailed technical work in connection with planning is thus done in the Working Groups which comprise mainly the concerned officials in the Central Ministries and the Planning Commission. But, there is need, especially in an economy of the size and complexity of India to consult from time to time other knowledgeable people also, especially non-official experts, at various stages of formulation as well as implementation of the Plans in regard to general policy. These consultations have necessarily to be at different levels technical, administrative and political. These consultations not only elicit valuable advice and bring fresh views to bear on official thinking but also help in securing for the Plan a greater public understanding and give it a national character. An attempt is made to have such consultations through a number of Standing Bodies variously known as Panels, Advisory Committees or Consultative Committees. Panels comprise mainly experts, Advisory Committees are more broad based and comprise both experts and public men and Consultative Committees comprise Members of Parliament only. At present there exist altogether eight Panels e.g., Panel of Scientists, Panel of Economists and Panels on Agriculture, Land Reforms and Health, Ayurveda (an indigenous system of medicine), Education and Housing and Regional Development. There are at present four Advisory Committees e.g., Advisory Committee on Irrigation, Flood Control and Power Projects, Rural Industries Planning Committee, National Advisory Committee on Public Cooperation and Committee on Land Reforms. There are two consultative Committees (i) Consultative Committee of Members of Parliament for the Planning Commission, and (ii) Prime Minister's Informal Consultative Committee for Planning. The first Committee which is presided over by the Minister of Planning comprises those members of Parliament who express a desire to be closely associated with the work of the Planning Commission. The Second Committee is a much smaller body and comprises leaders of important political groups in Parliament and is presided over by the Prime Minister himself. These two Consultative Committees have between them helped to give the Indian Plans much more of a national character than would have been the case otherwise.

22. Although the Planning Commission was the only institution for planning in the earlier years of economic planning in India, it was soon found that it was

impossible for a single institution to deal adequately with the multifarious aspects of the formulation as well as implementation of the Plan for economic development of a country of the size and complexity of India. Moreover, it was also necessary that a number of key organisations at different levels should actively participate in the planning exercise if the process of planning was to inform effectively their policies and actions. Steps were, therefore, taken to develop a number of other institutions for planning at various functional and territorial levels.

22. At the functional level, the most important planning institutions are the Central Ministries, their planning cells and attached organisations. In many cases important policies and programmes originate in the Ministries, the Planning Commission's main task being to fit them into the over-all picture and coordinate them with the programmes of other Ministries. In other cases the ideas developed in the Planning Commission have to be given concrete shape by the Ministries concerned. It has been found necessary to set up planning cells in the more important Ministries to deal with the various problems relating to planning which confront them. The Planning Commission has particularly close relation with the Ministry of Finance. Not only is the Minister for Finance ex-officio Member Incharge of Finance in the Planning Commission but the Secretary of the Ministry of Finance is the Chairman of the Working Group on Financial Resources and the Chief Economic Adviser to the Ministry of Finance is also ex-officio Economic Adviser to the Planning Commission. The Planning Commission also maintains close contacts with the Ministry of Commerce & Industry. Under the Industries Development & Control Act, the Ministry of Commerce & Industry has set up 18 Development Councils to help the development of selected industries. These Councils comprise representatives of private sector enterprises, technicians, labourers and consumers besides a number of official experts and provide useful forums for consulting the private sector.

24. Besides these consultations through the Development Councils, the Planning Commission also consults representatives of important private sector industries. In connection with the formulation of the Third Five Year Plan, the Planning Commission met representatives of 23 important industries separately. It also consulted their three representative organisations viz., the Federation of Indian Chambers of Commerce & Industry, the Associated Chambers of Commerce of India and the All-India Manufacturers' Association. Some of these organisations employ special expert staff for the preparation of comprehensive plans for the development of their respective sectors or even for the economy as a whole and submit them for the consideration of the Planning Commission.

25. There are three important Committees, e.g., Industrial Licensing Committee, Capital Goods Committee and Foreign Agreements Committee, in the work of which the representatives of the Planning Commission actively participate along with those of the Finance and Commerce & Industries Ministries. These Committees are responsible for scrutinising proposals for setting up new industries or substantial expansion of old ones, release of foreign exchange for capital goods and authorising proposals for collaboration between Indian and foreign enterprises and are important agencies for ensuring that the development of industries, especially in the private sector, broadly follows the pattern laid down in the Plan.

26. Almost all the Central Ministries have their own Advisory Bodies, Research Departments and Technical Institutes. Some control a number of public enterprises. The advice of all these organisations is available to the Planning Commission usually through the Ministries and sometimes even directly. Some of the bigger enterprises have their own programming and design organisations which prepare material for sectoral planning required by the Ministries concerned as well as by the Planning Commission.

27. Besides the Central Ministries there are two official organisations which are independent of the Planning Commission and yet closely associated with its work and deserve special mention here. These are - (i) The Reserve Bank of India, and (ii) The Department of Statistics. There is an Economics Department in the Reserve Bank which is in close touch with the work of the Planning Commission and undertakes important studies on financial and banking matters for the Commission. The Department of Statistics in the Cabinet Secretariat is responsible for organising the collection of all statistical data required for the purpose of planning.

28. One of the most important functions of the Planning Commission is to keep a watch over and evaluate the actual working of various programmes and projects included in the Plan. The members and senior officers of the Planning Commission carry out special inspections and investigations from time to time with this object in view, and its different Divisions keep a careful watch over the progress of important projects in their respective sectors. However, the main responsibility for supervision of programmes and projects included in the Plan and ensuring that they are implemented efficiently and according to schedule has been placed squarely on the administrative departments concerned at the Centre and the States. The Planning Commission takes care not to interfere with this responsibility and confines itself only to general appraisal made in close collaboration with the administrative departments concerned.

29. For the purpose of evaluating the performance of various organisations responsible for implementing projects and programmes included in the Plan, there are two special bodies - (a) Committee on Plan Projects and (b) Programme Evaluation Organisation. The Committee on Plan Projects sets up specialist teams for undertaking investigations and field inspections of important projects both at the Centre and in the States. These teams are usually headed by an eminent non-official and comprise both official and non-official experts. They are provided with technical assistance by the Secretariat of the Committee. The Programme Evaluation Organisation was originally set up for making a systematic and periodical assessment of the methods and results of the Community Development Programme. But, its functions are now being extended to cover a number of other important programmes, especially in the field of rural development. Its field staff act as the eyes and ears, as it were, of the Planning Commission.

30. Planning means adaptation as well as innovation. As such intensive research in a number of economic, social, administrative, technical and scientific problems is given high priority in Indian planning. For undertaking research in economic, social and administrative problems related to economic development, the Planning Commission has set up a special organisation viz., the Research Programmes Committee. This Committee invites research projects from interested research workers and also initiates projects of its own, gives necessary technical guidance and direction to the research workers and provides them with financial assistance. In addition, there are several non-official institutes e.g., Indian Statistical Institute, the National Council of Applied Economic Research, the Institute of Economic Growth, the Gokhale Institute of Politics & Economics and the Indian Institute of Public Administration which have been assisted by the Planning Commission in various ways and are closely associated with its socio-economic and administrative studies. Some of them also provide training courses in economic planning, statistics and administration. So far as the technological and scientific aspects are concerned, necessary research is done in the various Technical Research Institutes in the country set up by the Central Ministries or State Governments. The main

coordinating agencies are Council of Scientific and Industrial Research, Indian Council of Agricultural Research and Indian Council of Medical Research. A Committee on Natural Resources has recently been set up in the Planning Commission to promote studies in the field of utilisation and conservation of natural resources. Organisations like the Survey of India, Geological Survey of India, Indian Bureau of Mines, Oil and Natural Gas Commission, Central Water & Power Commission, Forest Research Institute, Indian Council of Agricultural Research, Council of Scientific and Industrial Research, etc. are closely associated with the work of this Committee.

31. As there is a Plan for the country as a whole, similarly there are separate Plans for each constituent State of India, which form an integral part of the national Plan. At the State level the main institution responsible for the preparation of the State Plan is the State Planning Department which works directly under the Chief Minister of the State. This Department is responsible for liaison between the Planning Commission and various departments of the State Governments, coordination of their programmes for development and formulation of the development plan for the State as a whole. As in the case of the Planning Commission at the Centre, the Planning Department in States usually works through a system of Working Groups. It formulates the Plan in the light of the main guide-lines received from the Planning Commission and general directives given by the Council of Ministers of the State. It consults the sister departments as well as such Advisory Bodies as may be set up for the different sectors and the Development and Planning Bodies set up at the Districts. Each State has set up either a Development Board or a Planning Advisory Committee for helping the State Planning Department. This Board or Committee comprises selected Ministers, officials and non-officials. The Plan formulated by the State Planning Department is submitted first to the Council of Ministers of the State and then to the State Development Board or Planning Advisory Committee and finally to the State Legislature.

32. Below the State level an attempt is made to undertake planning at the level of the District and the Block. This is done jointly by the officers of the various Development Departments working at these respective levels and a number of non-official representatives. The District officers and the Block Development Officers are responsible for necessary coordination at the District and Block levels respectively. These District and Block Planning authorities who are given a rough idea of the assistance that is likely to be available from outside, make an assessment of their own resources and needs and formulate the programme for the development of their respective areas.

33. An attempt is being made to carry the process of planning further down to the village level but so far it has covered only a relatively small number of villages. The ultimate objective in India is to have a Plan for each village and each enterprise and then build up the Block, District, State and National Plans through a process of successive coordination and successive approximation. Some experiments in village and enterprise planning has been undertaken but it has not yet been found practicable to prepare the National Plan on the basis of these plans prepared at the lowest levels.

34. One of the most difficult problems of planning in a country like India which has a federal government and wide disparity not only between one State and

another but also within a particular State is how to coordinate the plans and policies of the Central and State Governments on the one hand and of the State Governments and various territorial units in a State on the other. The institution that has been set up in India for coordination at the State level has already been mentioned earlier viz., The State Development Boards or Planning Advisory Committees. In these Boards or Committees not only the Ministers but also a number of important non-officials and representatives of different regions in the States are represented and these bodies try to thrash out various problems of policy and allocation of resources within the State. The institution that has been set up at the Centre for coordination of policies and plans of the Central and State Governments is called the National Development Council. This Council comprises the Prime Minister of India as the Chairman, the Chief Ministers of States and the Members of the Planning Commission as Members. The Ministers of the Central Government also participate in its deliberations and the Council makes its recommendations to the Central as well as the State Governments. Like the Planning Commission, the National Development Council is essentially an advisory body from the strictly legal point of view. Since, however, it comprises the highest political authorities in the country it has by convention acquired a unique position and its recommendations are treated with the highest deference by the Central Ministries and the State Governments. The National Development Council gives its advice at various stages of the formulation of a Plan and it is only after its approval has been obtained that the Plan is presented to the Parliament for consideration. The National Development Council has been largely responsible for giving the Indian Plan a truly national character and for ensuring a national unanimity in approach and uniformity in working.

35. The procedure for planning which has been evolved in India over the last twelve years has been largely influenced by the special features of the economic and political situation in India and the special problems which the country has faced. The important point to note, however, is that the Indian planning procedure is essentially a decentralised one and the Indian Plan is essentially a frame-work plan characterised by a considerable amount of flexibility. It lays down only the main parameters and fixes the broad targets. The Indian Planning Commission is only one of a large number of planning institutions that has been set up in the country over the last twelve years (see chart I) and the integrating function of the Indian Planning Commission is as important as the originating part of its work. Both the process of planning and the institutional set up for planning in India are, however, in the process of constant evolution. As the economy develops, more sophisticated methods become increasingly necessary and as the public is required to take a progressively greater role in implementing different sectors of the Plan, greater opportunities have to be given to different sections of the people for active participation in the process of planning.

